

OPTIONS SYNTHETICS from Book 2 · Appendix L

Intern Sheet

Keep this page. The rest of the book supports it.

Need	Use
European equity, no dividend	$C + \text{discounted strike} = P + S$
Implied forward, equity	$F_{\text{imp}} = K + (C - P) \text{ grown at the financing factor}$
Cash-and-carry	$F_{\text{cash}} = (S - \text{PV}(\text{div}) - \text{PV}(\text{borrow})) \text{ grown at the financing factor}$
Futures-style	$F_{\text{imp}} = K + C - P$
American non-dividend, $r \geq 0$	$S - K \leq C - P \leq S - \text{discounted strike}$
Conversion	Long stock, long put, short call. A loan.
Reversal	Short stock, short put, long call. A borrowing. Locate first.
Box	Loan with face equal to the strike gap.

Table L.1. Identities and packages.

Bin	First check
Carry	Rate, dividend, borrow, premium convention, T clock
Exercise	American corridor; ex-date; deep puts
Constraint	Locate, ban, buy-in, threshold list
Microstructure	Touch, fees, stale print, width

Table L.2. Four bins.

Screen, classify, cost, size, decide. Passing is a decision. XYZ, PAYR, and HTBX all passed, for three different reasons. That is the method working.